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c 22 The Small Business Development Corporations Act, 1979

Ontario

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CHAPTER 22

**An Act respecting
Small Business Development Corporations***Assented to May 18th, 1979*

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

1.—(1) In this Act,

Inter-
pretation

(a) "associate", where used to indicate a relationship with any person, means,

(i) any corporation of which such person beneficially owns, directly or indirectly, equity shares carrying more than 10 per cent of the voting rights attached to all equity shares of the corporation for the time being outstanding,

(ii) any partner of that person or corporation,

(iii) any trust or estate in which such person or corporation has, in the opinion of the Minister, a substantial beneficial interest or as to which such person or corporation serves as trustee or in a similar capacity,

(iv) any spouse, parent, son or daughter, brother or sister of that person, or

(v) any relative of such person or of his spouse, other than a relative referred to in subclause iv, who has the same home as such person;

(b) "corporation," means any body corporate whether or not it is a corporation to which *The Business Corporations Act* applies; R.S.O. 1970,
c. 53

(c) "debt obligation" means a mortgage, bond, debenture, note or other similar obligation of a corporation, whether secured or unsecured;

- (d) "eligible investment" means an investment in a small business that complies with section 9;
- (e) "equity capital" means the amount of consideration paid in money, calculated in the prescribed manner, for which equity shares are issued;
- (f) "equity share" means any share of any class of shares of a corporation carrying voting rights under all circumstances and any share of any class of shares carrying voting rights by reason of the occurrence of any contingency that has occurred and is continuing;
- (g) "Minister" means the Minister of Revenue or such other member of the Executive Council to whom the administration of this Act is assigned;
- (h) "Ministry" means the Ministry of the Minister;
- (i) "person" means, except as otherwise expressly provided, an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;
- (j) "prescribed" means prescribed by the regulations;
- (k) "register" means the register under this Act;
- (l) "regulations" means the regulations made under this Act;
- (m) "security" means any share of any class of shares or any debt obligation of a corporation;
- (n) "small business" means a corporation having not more than the prescribed number of employees;
- (o) "small business development corporation" means a corporation registered under this Act.

Interpre-
tation
subsidiary
corporation

(2) A corporation shall be deemed to be a subsidiary of another corporation if,

- (a) it is controlled by,
 - (i) that other, or
 - (ii) that other and one or more corporations each of which is controlled by that other, or

(iii) two or more corporations each of which is controlled by that other; or

(b) it is a subsidiary of a corporation that is that other's subsidiary.

(3) A corporation shall be deemed to be another's ^{holding corporation} holding corporation if that other is its subsidiary.

(4) One corporation shall be deemed to be affiliated with ^{affiliated corporation} another corporation if one of them is the subsidiary of the other or both are subsidiaries of the same corporation or each of them is controlled by the same person.

(5) Unless otherwise prescribed, a corporation shall be ^{Control} deemed to be controlled by another person or corporation or by two or more corporations if,

(a) shares of the first-mentioned corporation carrying more than 50 per cent of the votes for the election of directors are held, other than by way of security only, by or for the benefit of such other person or by or for the benefit of such other corporations; and

(b) the votes carried by such shares are sufficient if exercised to elect a majority of the board of directors of the first-mentioned corporation.

(6) In calculating the total number of equity shares of a ^{Calculation of total number of equity shares} corporation beneficially owned or controlled, for the purposes of this Act, the total number shall be calculated as the total of all the shares actually owned or controlled, but each share that carries the right to more than one vote shall be calculated as the number of shares equalling the total number of votes carried.

(7) In determining the number of shareholders of a cor- ^{Number of shareholders} poration, for the purposes of this Act, two or more persons holding the same share or shares jointly shall be counted as one shareholder.

(8) For the purpose of determining whether or not a cor- ^{Deter- mination of small business} poration is a small business, there shall be taken into account the number of employees of any affiliated corporation.

REGISTER

2.—(1) The Minister shall maintain a register of small ^{Register} business development corporations in which he shall list all

corporations registered under this Act and the register shall be open for public inspection during normal office hours.

Delegation
by Minister

(2) The Minister may delegate in writing any of his duties or powers under this Act to any public servant.

REGISTRATION

Registration
R.S.O. 1970,
c. 53

3.—(1) A corporation incorporated under *The Business Corporations Act* may apply to be registered under this Act by delivering to the Minister a proposal in duplicate.

Contents of
proposal

(2) A proposal shall set out:

1. The name of the corporation.
2. The location of the head office of the corporation in Ontario, including the street and number, if any.
3. The authorized capital, the classes of shares, if any, into which it is to be divided, the number of shares in each class, and the aggregate consideration exceeding which all shares of each class may not be issued.
4. The issued capital of each class of shares, including the aggregate consideration therefor.
5. The amounts and kinds of debt obligations, if any, issued by the corporation.
6. The number of directors of the corporation and the names in full and the residence addresses of each, giving the street and number, if any.
7. The names in full of the officers of the corporation and the residence addresses of each, giving the street and number, if any.
8. Any other matter prescribed to be set out in the proposal.

Articles of
incorporation

(3) A proposal shall be accompanied by a certified copy of the corporation's articles of incorporation.

Execution of
proposal

(4) The proposal shall be executed under the seal of the corporation and signed by two officers or one director and one officer of the corporation and certified by affidavit of one of the officers or directors signing the proposal.

4. No corporation shall be registered under this Act ^{Conditions of registration} unless,

- (a) the corporation complies with all provisions of *The Business Corporations Act*; ^{R.S.O. 1970, c. 53}
- (b) the corporation has never previously carried on business;
- (c) its equity shares are without par value and may be issued for an aggregate consideration of not less than \$250,000 and not more than \$5,000,000;
- (d) the corporation has objects only to assist in the development of small businesses by,
 - (i) providing capital through the acquisition and holding of securities, and
 - (ii) providing business and managerial expertise to small businesses;
- (e) the corporation has equity capital of at least \$25,000; and
- (f) the corporation meets such other conditions as may be prescribed.

5.—(1) Subject to subsection 4, a corporation is entitled ^{Registration} to registration by the Minister except where,

- (a) the applicant fails to comply with section 3 or 4, as the case may be; or
- (b) the applicant fails to file the material required by this Act or the regulations.

(2) Subject to section 28, the Minister may refuse to register ^{Refusal to register} a corporation where in the Minister's opinion the applicant is disentitled to registration under subsection 1 of this section.

(3) Subject to section 28, the Minister may revoke a registration where the registrant fails to comply with any provision of this Act or the regulations. ^{Revocation of registration}

(4) Where the Minister is of the opinion that the number of corporations registered under this Act will be sufficient to take up the prescribed amount of money payable by way of grant under section 21 or foregone by way of tax credit under section 22, the Minister may, subject to the approval of ^{Minister may suspend further registrations or incentives}

the Lieutenant Governor in Council, by order, suspend the further registration of corporations, or the payment of grants and the allowance of tax credits under this Act for such period of time as is specified in the order.

Saving

(5) No order under subsection 4 shall operate to prevent the Minister from making a grant where the shares were fully paid for and beneficially owned by the shareholder prior to the making of the order, or operate to prevent the carrying forward of a tax credit under section 23.

Registration

6. If a corporation complies with sections 3 and 4, the Minister shall, when all prescribed fees have been paid,

- (a) endorse on each duplicate of the proposal the word "Registered" and the day, month and year of the registration thereof;
- (b) file one of the duplicates in his office;
- (c) place the name of the corporation in the register of small business development corporations; and
- (d) issue to the registrants a certificate of registration to which he shall affix the other duplicate.

Minimum
capital and
investment

7.—(1) Prior to the end of its first year of registration under this Act, a small business development corporation shall have equity capital of at least \$250,000 and at least 40 per cent of the amount of its equity capital shall be in eligible investments.

Idem

(2) Prior to the end of its second year of registration under this Act, a small business development corporation shall have invested at least 70 per cent of its equity capital in eligible investments.

Idem

(3) After the end of its second year of registration under this Act, a small business development corporation shall at all times maintain an average of at least 70 per cent, calculated in the prescribed manner, on the last day of each month of the immediately preceding twelve months, of its equity capital in eligible investments.

Capital
limits

(4) After the first year of its registration under this Act, a small business development corporation shall at all times maintain equity capital of at least \$250,000 but not exceeding \$5,000,000.

Trust
fund

8.—(1) A small business development corporation shall set aside in a trust fund an amount of money equal to 30 per

cent of all amounts received by it as equity capital and such trust fund shall be held by the corporation, or by a trustee on behalf of the corporation, in trust for the corporation and for the Crown jointly to be dealt with in accordance with this section.

(2) Subject to subsection 3, while any amount is held in trust under subsection 1, the Minister shall permit payment from the fund of an amount equal to three-sevenths of the purchase price paid by the small business development corporation to acquire any eligible investment, provided that the Minister is satisfied that the purchase price of such eligible investment has been paid in full in money or that the amount permitted to be paid out by the Minister will be used by the corporation in payment of the purchase price of the eligible investment. ^{Payment out of fund}

(3) The money held in trust in accordance with subsection 1 shall not be paid out to any person or corporation unless the Minister has consented in writing to such payment. ^{Idem}

(4) Interest earned on the trust fund established in accordance with subsection 1 shall be paid to the small business development corporation. ^{Interest}

(5) Where the registration of a small business development corporation is revoked, the amount then remaining in the trust fund established under subsection 1 is immediately payable to the Crown, and the receipt of the Minister therefor is a full and sufficient discharge to any trustee for such money or to any other person or corporation having control of the trust funds, for the payment over of such money to the Crown, and such payment is a full and complete discharge to the person or corporation making it and for any claim to such payment by any person or corporation that claims to be entitled to the funds. ^{Payment out of fund}

(6) Where any person or corporation fails to make the payment to the Crown required by subsection 5, such person or corporation is liable to the Crown for the amount that should have been paid pursuant to subsection 5. ^{Idem}

ELIGIBLE INVESTMENTS

9.—(1) An investment shall be an eligible investment if, ^{Eligible investments}

- (a) the investment is made in a small business and 75 per cent or more of the wages and salaries of the small business are paid in respect of operations in Ontario;

- (b) the investment is made in a small business primarily engaged in,
 - (i) prescribed manufacturing and processing, or
 - (ii) prescribed tourist activities, or
 - (iii) prescribed mineral exploration and development, or
 - (iv) any other prescribed business activity;
- (c) the investment is the purchase and acquisition from a small business by the small business development corporation of equity shares issued by the small business but, where the equity shares are issued as part of a transaction involving the purchase or redemption, directly or indirectly, of any previously issued equity shares of the small business or an affiliated corporation, the investment is an eligible investment only to the extent that the investment represents net new equity capital calculated in the manner prescribed;
- (d) the investment is not used by the small business for the purpose of,
 - (i) relending,
 - (ii) investment in land except such land as is incidental and ancillary to the principal objects of the small business, or
 - (iii) reinvestment outside Canada;
- (e) the number of equity shares taken by the small business development corporation and any affiliated corporation in the small business in which the small business development corporation and the affiliated corporation invests does not at any time exceed 49 per cent, determined in accordance with subsection 2, of all issued and outstanding equity shares of such small business;
- (f) the investment is made in a small business in which,
 - (i) the total number of equity shares of the corporation beneficially owned, directly or indirectly, by non-residents or over which non-residents exercise control or direction does not exceed 25 per cent of the total number of issued and outstanding equity shares of the corporation, or

- (ii) the total number of equity shares of the corporation beneficially owned, directly or indirectly, by a non-resident or over which he exercises control or direction, together with other shareholders associated with him, if any, does not exceed 10 per cent of the total number of issued and outstanding equity shares of the corporation; and

- (g) the investment is made in a small business that is not of a type prescribed by regulation.

(2) In determining the percentage of issued and out-standing equity shares of a small business for the purposes of clause *e* of subsection 1, there shall be included, Manner of determining percentage of equity shares

- (a) the number of equity shares into which any debt obligation of such small business may be converted;
- (b) any option or right to purchase equity shares of such small business; and
- (c) any equity shares, convertible debt obligations and any options or rights of such small business beneficially owned or held by an associate or an affiliated corporation of the small business development corporation or any shareholder of it, or an associate or affiliated corporation of such shareholder.

10.—(1) A small business development corporation shall maintain its assets in, Investments

- (a) eligible investments;
- (b) liquid reserves;
- (c) equity shares that were eligible investments at the time they were acquired by such small business development corporation;
- (d) debt obligations of any small business that is an eligible investment; or
- (e) such other form as may be prescribed.

(2) Assets of the corporation maintained in liquid reserves shall be deposited from time to time in any chartered bank to which the *Bank Act* (Canada) applies, or in any trust company or loan corporation that is registered under *The Loan and Trust Corporations Act*, or with the Province of Ontario Savings Office or in such other investments as may Liquid reserves
R.S.C. 1970,
c. B-1
R.S.O. 1970,
c. 254

be prescribed, upon such terms and conditions and for such period as the corporation considers expedient.

Interpre-
tation

11.—(1) In this section and in clause *f* of subsection 1 of section 9,

- (a) "corporation" includes an association, partnership or other organization;
- (b) "non-resident" means,
 - (i) an individual who is not a resident Canadian,
 - (ii) a corporation incorporated, formed or otherwise organized elsewhere than in Canada,
 - (iii) a corporation that is controlled directly or indirectly by non-residents as defined in subclause i or ii,
 - (iv) a trust in which non-residents as defined in subclause i, ii or iii have more than 50 per cent of the beneficial interest, or
 - (v) a corporation that is controlled directly or indirectly by a trust mentioned in subclause iv;
- (c) "resident" means an individual, corporation or trust that is not a non-resident.

Idem

(2) For the purpose of clause *f* of subsection 1 of section 9, a shareholder shall be deemed to be associated with another shareholder if,

- (a) one shareholder is a corporation of which the other shareholder is an officer or director;
- (b) one shareholder is a partnership of which the other shareholder is a partner;
- (c) one shareholder is a corporation that is controlled directly or indirectly by the other shareholder;
- (d) both shareholders are corporations and one shareholder is controlled directly or indirectly by the same individual or corporation that controls directly or indirectly the other shareholder;
- (e) both shareholders are members of a voting trust where the trust relates to shares of a corporation; or

- (f) both shareholders are associated within the meaning of clauses *a* to *e* with the same shareholder.

12.—(1) A small business development corporation shall not invest or maintain an investment in a small business if, Prohibited investments

(a) any of the shares of such small business are held by,

(i) a major shareholder or an affiliated corporation or an associate thereof of the small business development corporation,

(ii) an officer or director or an associate thereof of a small business development corporation or an officer or director or an associate thereof of a major shareholder of the small business development corporation, or

(iii) a voting trust where the trust relates to the shares of the small business development corporation; or

(b) such small business is a subsidiary, a holding corporation or affiliated corporation of the small business development corporation.

(2) Unless a small business development corporation is widely held, it shall not invest in a small business if the proceeds of that investment are used or are intended to be used, in whole or in part, to finance the purchase or sale of goods or services provided to such small business by or through any shareholder of the small business development corporation or any associate or affiliated corporation of such shareholder. Restriction on investment

(3) For the purposes of this section,

Interpretation

(a) "major shareholder" means a person who holds 10 per cent or more of the voting rights attached to all equity shares of the small business development corporation for the time being outstanding; and

(b) a small business development corporation is widely held if the corporation has ten or more shareholders, each holding not more than 10 per cent of the issued and outstanding equity shares of the corporation and none of the shareholders are associates or affiliated corporations.

Material
change

13.—(1) In this section, a material change occurs if the investment of a small business development corporation ceases to be an eligible investment.

Notification

(2) A small business development corporation shall notify the Minister in the prescribed form of any material change in any of its investments within thirty days of the occurrence thereof.

Eligible
investment

(3) Where there is a material change, the investment by a small business development corporation shall remain an eligible investment, notwithstanding any other provision of this Act, for a period of two years from the date of the material change.

Restriction
on disposition
of equity
shares

14.—(1) No equity shares and no option or right to acquire equity shares of a small business or of a corporation that has ceased to be a small business or an eligible investment shall be transferred or granted by a small business development corporation without first granting to all other holders of the equity shares of such small business or corporation the right to acquire the whole or any part of such equity shares, option or right upon the same terms and conditions.

Proviso

(2) Only a holder of equity shares that is not a small business development corporation may exercise the right to acquire equity shares, options or rights under subsection 1.

Application
of
R.S.O. 1970,
c. 53

15. Notwithstanding the provisions of section 167 of *The Business Corporations Act*, every small business development corporation shall comply with the provisions of sections 168 and 169, subsections 1 to 4 of section 170, and section 171 and clause c of subsection 1 and subsection 3 of section 172 of that Act in each year.

Filing of
financial
statements

16. Within six months of the date to which it is made up, a small business development corporation shall file with the Minister its financial statements and the auditor's report thereon.

INFORMATION

Returns

17.—(1) Within ninety days after each anniversary of the date of its registration, every small business development corporation shall prepare, verify and file with the Minister, a return in the prescribed form setting out, as of its anniversary date, the information required by such return.

Notice to
Minister

(2) A small business development corporation shall notify the Minister in the prescribed form, of any action involving,

- (a) the payment of any dividend on the equity shares of the corporation;
 - (b) the purchase, surrender, redemption or conversion of any equity share of the corporation;
 - (c) the disposition or sale of any eligible investment; or
 - (d) the winding up or dissolution of the corporation,
- at least twenty-one days prior to carrying out the proposed action.

(3) The Minister may, in his discretion, enlarge the time for filing any notice or return under this section.

Enlargement
of time by
Minister

18. The Minister may at any time by notice require any small business development corporation or any corporation in which the small business development corporation has invested to file within the time specified in the notice a return upon any subject connected with its affairs and, in the opinion of the Minister, relevant to the administration or enforcement of this Act.

Information
required
by the
Minister

INVESTMENT INCENTIVES

19. Where a small business development corporation is registered under this Act, the corporation is not liable for the tax imposed by Part III of *The Corporations Tax Act*, 1972, c. 143 1972.

Exemption
from
capital tax

20.—(1) Subject to subsections 2 and 3 of this section and subsection 4 of section 5, where a person or a corporation complies with the provisions of this Act, the Minister may make a grant under section 21 or allow a tax credit under section 22.

Incentives

(2) Unless a small business development corporation has established and maintained a trust as provided in section 8, the Minister shall not make a grant under section 21 or allow a tax credit under section 22 to any shareholder of that corporation.

Idem

(3) Subject to section 28, where the Minister is of the opinion that the small business development corporation, its officers or directors, or its shareholders are conducting their business and affairs in a manner that is contrary to the spirit and intent of this Act or for the purpose of obtaining a grant or tax credit to which they would not otherwise be entitled, the Minister may,

Revocation of
registration or
refusal of grant

- (a) revoke the registration of the small business development corporation; or
- (b) refuse to pay a grant under section 21 or allow a tax credit under section 22.

Saving

(4) Where a small business development corporation does not comply with the provisions of this Act or the regulations, but the Minister is of the opinion that the corporation is meeting the spirit and intent of this Act, the Minister may, for such time as in his opinion is appropriate, refrain from revoking the registration of any corporation.

Payment
of grant

21.—(1) Subject to subsections 2 and 3, a person who is the beneficial and registered owner of equity shares of a small business development corporation may make an application in the form prescribed by the Minister for a grant and the Minister may pay a grant equal to 30 per cent of the amount of money actually paid by the applicant to the small business development corporation for equity shares issued to him by the corporation.

Idem

(2) No grant shall be paid by the Minister under subsection 1 unless,

- (a) the equity shares are purchased or acquired directly from the corporation issuing the equity shares; and
- (b) the applicant is ordinarily resident in Ontario.

Supporting
material

(3) An application under subsection 1 shall be accompanied by,

- (a) a certificate containing the prescribed information signed by the secretary and one authorized officer of the small business development corporation that has issued the equity shares in respect of which a grant is sought; and
- (b) such additional material as may be prescribed by the Minister.

Interpre-
tation

(4) In this section and in section 20, "person" means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative that is ordinarily resident in Ontario, but does not include a partnership, association, syndicate, organization or trust that has a corporation as one of its members or beneficiaries.

22.—(1) Subject to subsection 2, a corporation that is the ^{Tax credit} beneficial and registered owner of equity shares of a small business development corporation may, subject to the approval of the Minister, deduct from the tax otherwise payable by it under Part II of *The Corporations Tax Act, 1972*, an amount ^{1972, c. 143} equal to 30 per cent of the amount of money actually paid by the corporation to the small business development corporation for equity shares issued to it by the corporation.

(2) Where a corporation claims a tax credit under sub-^{Supporting material}section 1, the annual return required under section 145 of *The Corporations Tax Act, 1972*, in which the credit is claimed shall be accompanied by,

- (a) a certificate containing the prescribed information signed by the secretary and one authorized officer of the small business development corporation that has issued the equity shares in respect of which a tax credit is sought; and
- (b) such additional material as may be prescribed by the Minister.

23. The unused portion of a tax credit obtained under subsection 1 of section 22 may be ^{Carry forward of tax credit}carried forward by the corporation and deducted from the tax otherwise payable by the taxpayer under Part II of *The Corporations Tax Act, 1972* in subsequent taxation years.

24. Where a small business development corporation ^{Recovery of grant or tax credit}proposes to wind up or dissolve, or where its registration is revoked, or any of its equity shares are purchased or otherwise acquired by the small business development corporation, the small business development corporation shall immediately pay to the Minister an amount of money calculated according to the following rules:

1. Where an equity share of the small business development corporation is purchased or otherwise acquired by it for a total consideration equal to or greater than that for which the share was issued, the small business development corporation shall pay to the Minister an amount of money equal to 30 per cent of the consideration paid to the corporation by the shareholder for the share at the time the share was issued.
2. Where an equity share of the small business development corporation is purchased or otherwise acquired by it for a total consideration that is less

than that for which the share was issued, the small business development corporation shall pay to the Minister an amount equal to 30 per cent of the gross consideration paid by the corporation for the purchase or acquisition of the share.

3. Where the registration of a small business development corporation is revoked or where the corporation proposes to wind up or dissolve, it shall pay to the Minister an amount of money equal to 30 per cent of the value of all of its shareholders' equity to an amount not exceeding the aggregate of the grants or tax credits made or allowed by the Minister in respect of all equity shares then issued and outstanding at the time of revocation, winding up or dissolution, calculated in the prescribed manner.

Idem

25. The amount to be paid to the Minister by the small business development corporation under section 24 shall be deemed to be a tax imposed upon the corporation under *The Corporations Tax Act, 1972* and may be collected and enforced in accordance with the provisions of that Act.

1972, c. 143

Share
certificate

26. Every share certificate in respect of equity shares issued by a small business development corporation shall conspicuously state upon its face the words, "The value of the shares represented by this certificate may be significantly affected by recapture provisions under *The Small Business Development Corporations Act, 1979*".

1979, c. 22

Demand for
payment

27.—(1) Where any amount is payable to the Crown or is deemed to be payable to the Crown under this Act, the Minister may, by Notice of Demand in writing to the person or corporation by whom such payment is owing or claimed to be owing, demand payment immediately or in such number of days as are specified in the demand, and if the payment is not made as demanded, the Minister may recover and collect the amount thereof by any of the remedies or procedures provided for in this Act.

Liability for
payment not
affected

(2) Notwithstanding that an objection or other proceeding under section 28 has been commenced or may be commenced, every amount demanded to be paid pursuant to subsection 1 remains payable and recoverable until the demand therefor is revoked in writing by the Minister.

DISPUTES

Proposal by
Minister

28.—(1) Where the Minister proposes,

- (a) to refuse to register a corporation under this Act;
- (b) to revoke the registration of a small business development corporation;
- (c) to refuse to make a grant under section 21; or
- (d) to refuse to allow a tax credit under section 22,

he shall serve notice of his proposal, together with written reasons therefor on the applicant or registrant.

(2) If the Minister has not registered a corporation under section 5 within four months of the date on which the corporation delivered a proposal under section 3, the Minister shall be deemed to have refused registration under clause *a* of subsection 1. Registration deemed refused

(3) Where a person or corporation objects to a proposal under subsection 1 that is served on them, they may, within sixty days from the day of mailing of the proposal or the date upon which the Minister has been deemed to have refused registration under subsection 2, serve on the Minister a notice of objection in duplicate in the prescribed form setting out the reasons for the objection and all relevant facts. Objection

(4) A notice of objection under this section shall be served by being sent by registered mail addressed to the Minister. Service

(5) The Minister may accept a notice of objection under this section notwithstanding that it was not served in the manner required. Idem

(6) Where an applicant or registrant does not serve a notice of objection under subsection 3, the Minister may carry out the proposal stated in his notice under subsection 1. Action on proposal

(7) Upon receipt of the notice of objection, the Minister shall with all due dispatch reconsider the proposal objected to and confirm, vary or abandon the proposal, and he shall thereupon notify the person or corporation making the objection of his action by registered mail. Recon- sideration

(8) A decision of the Minister under subsection 7 is final and is not subject to appeal except where the decision involves the interpretation of a provision of this Act, or involves an issue solely of law. Where decision final

Determination
of question

29. In any dispute over a decision or action of the Minister under subsection 7 of section 28, the Minister may, where the dispute involves the interpretation of a provision of this Act, or involves an issue solely of law in which no facts are in dispute, or involves the proper inference to be drawn from facts that are not in dispute, agree in writing with the disputing party as to the undisputed facts and thereafter apply to the Supreme Court to have the issue in dispute determined, and if the Minister does not make the application within six weeks of the date upon which the undisputed facts have been agreed upon in writing, the other party to the dispute may apply to the court to have the issue determined.

OFFENCES

Offence

30.—(1) Every person or corporation that makes or assists in making a statement in any document required by or for the purposes of this Act or the regulations that, at the time and in the light of the circumstances under which it was made, is false or misleading in respect of any material fact or that omits to state any material fact the omission of which makes the statement false or misleading is guilty of an offence and on conviction is liable to a fine of not more than \$2,000 or if such person is a corporation to a fine of not more than \$20,000.

Exception

(2) No person or corporation is guilty of an offence under subsection 1 if he did not know that the statement was false or misleading and in the exercise of reasonable diligence could not have known that the statement was false or misleading.

Application of
1972, c. 143,
ss. 161 to 166

31. Sections 161 to 166 of *The Corporations Tax Act, 1972* shall be deemed to apply to,

- (a) an application for a grant under section 21;
- (b) a claim for a tax credit under section 22; and
- (c) any books, records, accounts or returns required to be maintained or made by a small business development corporation,

and any reference in the sections of *The Corporations Tax Act, 1972* to a corporation shall be applied as though the sections also included a reference to persons.

False
statements

32. In addition to any other remedy available under this Act, where any person or corporation obtains a grant or tax credit under this Act or the regulations, on the basis of

information that is false or misleading or an application that contains any false or misleading statement, the amount of such grant or tax credit together with interest thereon at the prescribed rate, shall be deemed to be a debt due to the Crown and may be recovered by an action in a court of competent jurisdiction.

33. Proceedings to enforce any provision of this Act or ^{Limitation} the regulations may be instituted within six years after the time the subject-matter of the proceedings arose.

34.—(1) The Lieutenant Governor in Council may make ^{Regulations, by Lieutenant Governor in Council} regulations,

- (a) requiring the payment of fees for any matter required to be done in the administration of this Act and prescribing the amounts thereof;
- (b) requiring any person to make information returns respecting any class of information required in assessing compliance with this Act;
- (c) prescribing the calculation of the amount of a grant or tax credit where equity shares are purchased by a shareholder as part of a distribution to the public;
- (d) defining any word or expression used in this Act that has not already been expressly defined in this Act;
- (e) prescribing the method of calculation of the consideration to be paid for each equity share under section 24 where a small business development corporation proposes to dissolve, or where its registration is revoked, or any of its equity shares are purchased or otherwise acquired by the small business development corporation;
- (f) prescribing any conditions that a corporation must meet prior to registration;
- (g) prescribing the method of determining the amount of equity capital of a small business development corporation;
- (h) prescribing authorized investments for the purposes of section 10;
- (i) prescribing the amount of money available at any time under this Act or available by way of grant or tax credit;

(j) prescribing the method of calculation to be used in determining the percentage of wages and salaries paid in respect of operations in Ontario;

(k) prescribing any matter required by this Act to be prescribed by the regulations.

by Minister

(2) The Minister may make regulations,

(a) prescribing forms and providing for their use;

(b) prescribing anything that by this Act is to be prescribed by the Minister;

(c) delegating any of his duties or powers under this Act to any public servant.

may be
retroactive

(3) A regulation is, if it so provides, effective with reference to a period before it was filed.

Moneys

35. The moneys required for the purposes of this Act shall, until the 31st day of March, 1980, be paid out of the Consolidated Revenue Fund and thereafter shall be paid out of the moneys appropriated therefor by the Legislature.

1977, c. 10,
repealed

36. *The Venture Investment Corporations Registration Act, 1977*, being chapter 10, is repealed.

Commence-
ment

37. This Act comes into force on a day to be named by proclamation of the Lieutenant Governor.

Short title

38. The short title of this Act is *The Small Business Development Corporations Act, 1979*.